

resting on ethnic and religious divisions, unless there is a far more powerful magnet out there before them.

And so we committed ourselves to building that kind of future for all of our allies in the 21st century. When all is said and done, I think people will look back on this summit, perhaps many years from now, and say that was its last-

ing value: We looked to the future with a clear vision and made a commitment to build it.

Thank you very much.

NOTE: The President spoke at 4:25 p.m. in the amphitheater at the Ronald Reagan International Trade Center. In his remarks, he referred to President Slobodan Milosevic of the Federal Republic of Yugoslavia (Serbia and Montenegro).

## Remarks in a Discussion Entitled “The Third Way: Progressive Governance for the 21st Century”

April 25, 1999

[Moderator Al From, president of the Democratic Leadership Council, opened the discussion.]

*President Clinton.* Thank you very much. I’d like to begin just by expressing my profound gratitude to Al From and to all the people at the Democratic Leadership Council for having the passion and the patience to work at this for years and years and years.

I, too, want to thank Hillary and the hearty band within the White House who keep us focused on the big ideas and values that got us here in the first place. And I’d like to say a special word of thanks to my friend and aide Sidney Blumenthal for the work that he’s done in trying to put this meeting together.

I would also like to just very briefly say how very much I admire the people who are here with me at this table today, how much I have learned from them, how much I look forward to working with them at every opportunity.

Wim Kok, from The Netherlands, actually was doing all this before we were. He just didn’t know that—he didn’t have anybody like Al From who could put a good label on it. [Laughter] But he was doing it, for years and years and years. Tony Blair has made me long for a parliamentary system. [Laughter] Gerhard Schroeder had to wait even longer than I did—[laughter]—and was also a distinguished Governor. And Massimo D’Alema has proved that you—I think—I’ll make you a prediction here—I think he is already proving that even in Italy, where governments tend to be like the flavor of the month for ice cream, that the right sort of politics can have a sustained long-term impact

on some of the most wonderful people in the world. So I’m honored to be here with all of them.

I’d like to thank my friend and ally Congressman Cal Dooley, who is out there; the Secretary of Transportation, Rodney Slater; the Secretary of the Army, Louis Caldera, who helped me in so many ways. And we’re going to hear afterward from Lieutenant Governor Kathleen Kennedy Townsend, former Governor and Democratic Party Chairman Roy Romer, Mayor Wellington Webb of Denver, and Commissioner Michael Thurmond. I thank them.

All of you know we’ve just finished a 3-day NATO conference, celebrating the 50th anniversary of NATO, bringing in new members, celebrating an astonishing partnership with over 40 countries, including the countries of southeastern Europe, all except for Serbia, and the countries of central Asia in this amazing new group which, itself, is full of Third Way questions.

At our last luncheon, one of the members made a crack that we had five members of the last Politburo of the Soviet Union sitting around our table today. And another one said, “Yes, and a lot of the rest of us should have been on the Politburo, but we weren’t.” [Laughter] And it was a picture of how much the world has changed.

What gives rise to this kind of politics? When the old order is destroyed or when the realities of daily life or popular dreams can no longer be accommodated by a given set of political arrangements or a political debate. We see that in southeastern Europe today with the crisis in

Kosovo, where the old choice is between state stability and being consumed by ethnic hatreds, and what we're arguing for is a new integration based on the embrace of difference, not the oppression of it.

I would like to just pose a couple of questions and then let our panelists take off. You heard Al From say that basically our lodestars have always been in the United States the concept of opportunity, responsibility, and community. We've worked on this for years. We tried to think of simpler and more complex ways to say what we stand for, but we've never done any better than that.

So I think I will just leave it there. But let me say, what could that mean in the present time? What is giving rise to all these people's elections? Why is this happening everywhere? It's not some blind coincidence. I believe it is because the social arrangements which were developed within countries and the international arrangements among them, which grew up from the Great Depression through the Second World War and then the cold war, are no longer adequate to meet the challenges of the day.

And most of the parties of the right made a living by beating us in elections by saying how bad we were. And whatever—we were always for more Government, and they were for less of it. And if you thought it was, by definition, bad, then less is always better than more.

So they had quite a run in the 1980's. And then it became readily apparent that that didn't really solve any problems and that there were serious questions that demanded serious answers. So I will just pose three and then let our panelists go in whatever order they would like.

I seems to me that the great question that any political party that purports to represent ordinary citizens must answer is: How do you make the most of the economic possibilities of the global information economy and still preserve the social contract? What can governments do to help make sure that every responsible citizen has a chance to succeed in the global economy? And how can we discharge our responsibilities, as the leaders of wealthy countries, to put a human face on the global economy so that in other countries, as well, no one who's willing to work is left behind?

The second question I'd like to ask is, what is the nature of the social contract now, and how is it different from what it used to be?

What does it mean? Are there entitlements that we should still have? Beyond entitlements, what are the empowerment issues of the social contract? What is the role of the private sector and the relationship of the government to it?

And finally, what do we mean by the concept of community? Who's in? Who's out? And how can we create a concept of both national and international community that is a more powerful magnet drawing people together than the awful magnets pulling them apart, rooted in racial and ethnic and religious difference throughout the world?

And I will leave with that. It is a cruel irony that in this world we're entering, that we have always celebrated in our dreams as a place of unbelievable technological explosion, unbelievable scientific advance, unbelievable advances in health care, and using computer technology to empower people in small African and Latin American villages, for example, to learn things—would be dominated by the most primitive hatreds in all of human history, those rooted in our basic fear of people who are different from us. How can we construct a community in which those forces pulling us together are more powerful than those tearing us apart?

There are hundreds of questions we debate all the time, but just about every question we debate falls within one of those three categories. And so having set it up like that, we have no agenda, and I'll just turn it over to our friends.

Mr. Blair, would you like to go first?

[At this point, Prime Minister Tony Blair of the United Kingdom, Prime Minister Wim Kok of The Netherlands, Chancellor Gerhard Schroeder of Germany, and Prime Minister Massimo D'Alema of Italy presented their opening remarks.]

President Clinton. I should say that the Prime Minister is a good friend of the man who is now the most famous Italian in America, Roberto Benigni. And after his performance at the Academy Awards, you have both affection and respect. [Laughter]

I would just like to try to comment on a couple of things, to maybe make the conversation somewhat more specific and sort of segue into the participation of our other American leaders here.

If you look at this whole Third Way challenge, in America, for the Democratic Party, it meant we had to prove we could manage the economy

in an intelligent way and then deal with the whole question of social justice. And in our country, those questions basically meant three things. One is what to do about the poor and how to have a welfare system that empowered people who could take care of themselves but also took care of people who could not take care of themselves—first question.

The second question, how to deal with the fact that we had phenomenal economic growth but increasing inequality. That inequality had been increasing for quite a long time, partly because of Government policies, partly because the new economy gives such a wage premium to education and skills.

And the third question, to my mind, in many ways the most important, how can this country with all of its phenomenal success and low unemployment—the lowest unemployment in 30 years—and now, finally, rising wages again, how can we strike the right balance, a better balance between work and family—give families the support they need to raise their children, take care of their parents, have the time they need, have the child care, the health care they need, and still maintain the economic dynamism? What is the right balance?

Now, for Europe, it goes the other way. I wish Prime Minister Jospin were here from France. Very interesting—France has had economic growth averaging over 3 percent for the last 3 or 4 years, but their unemployment rate hasn't gone below 11 percent, I think—something like that—anyway, still in double digits. And we know from our own experience that when unemployment—I mean, when growth can be sustained above 2½ percent in an industrial society, normally the unemployment will go down until it bottoms out at around, at least around 6 percent, even without going over 3 percent.

So the European question is, how do you get growth manifested in jobs and not give up your social solidarity? In America the question is, how do we keep all this growth—we love it—and get a little more stability for families and make sure we have done what we should for the poorest of our communities and our people and try to make sure that Americans who do work and carry the load in this country have a chance to have more of the growth in terms of their personal wealth and well-being. So to some extent, we are crossing.

Now, I mention that to just give you a couple of specific examples. Gerhard Schroeder mentioned the German job training system. We sort of copied a lot of elements of that and tried to amend it for America in setting up our school-to-work program in 1993, because the Germans do the best job of moving people from—who do not go on to university for 4 years—moving most people into the workplace with modern skills so they can claim a higher wage.

And in our country, we have—John Sweeney, the head of the American labor movement—the labor apprenticeship programs. A lot of the labor training programs do a good job of that, but as a society, we don't do as good a job of that. So we're trying to improve that.

Another interesting example: How do you deal with the fact that more and more people are working at home, more and more people are working in flexible work environments? You're going to have more and more part-time jobs. How is that consistent with maintaining a kind of social safety net? I would argue that The Netherlands have done the best job of that. Wim Kok's country has the highest percentage of voluntary part-time workers in all of Europe; that is, they choose to do so. And they've worked out an agreement, which maybe he would like to talk about, so that even the part-time workers earn, on a pro rata basis, their vacation—annual vacation rights, and have retirement and health care and other things. They have the social protections. And there it makes them more willing when necessary to take part-time work. This is a big deal.

When I became President in America, there were 3 million people making a living primarily out of their own home, for example. When I was reelected, there were 12 million. Now there are 20 million, in only 2 years. So this economy is going to, if you will, atomize a lot. It's going to get a lot more diverse and kaleidoscopic. So we'll have a lot of challenges to face in having the proper sense of social safety net.

And then, as I said, the most important thing is getting it right between work and family, since I think we would all admit that the most important job of any society is raising children as well as possible, something we are even more burdened with in the moment, that conviction.

So I just throw those ideas out. These are things that are going on in other countries,

something that we're battling with here constantly. And I wonder if any of you would like to comment on that.

[*Prime Minister Kok and Chancellor Schroeder offered comments.*]

*President Clinton.* Let me just say very briefly, I think when we meet in Germany in the next few weeks with the G-8, I hope we will ratify a number of changes to the global financial system that I believe will be adopted by the international financial institutions and other bodies that will avoid having another financial crisis like the one we saw in Asia that we have all worked so hard to keep from spreading to Latin America and elsewhere.

And it really is a classic Third Way problem, because what happened was, in the last 50 years after World War II when the so-called Bretton Woods instruments were developed, the IMF, the World Bank, and others designed to promote global trade and global investment, with the explosion of technology and the explosion of trade, more and more money had to move around the world.

And then as always happens, there came an independent market in money, unrelated to the trade and investment. So that now every year, every day, there will be about \$1.5 trillion in trade per day in goods and services, and the amount of money that moves—excuse me, \$1.5 trillion a day in trade in money, which is roughly 15 times the daily volume of trade in goods and services. And that's the basic problem. So we don't have a framework that has the right incentives to keep that from getting out of hand and collapsing economies, protecting people from their own foolishness, as well as from the foolishness of investors.

But I think we can make some changes and keep the growth going and get rid of the problems, which is obviously the kind of balance we've been striving for.

Anybody else?

[*Prime Minister D'Alema and Prime Minister Blair offered comments. Mr. From then introduced Lt. Gov. Kathleen Kennedy Townsend of Maryland; former Gov. Roy Romer of Colorado; Mayor Wellington E. Webb of Denver, CO; and Labor Commissioner Michael L. Thurmond of Georgia, who each made brief remarks.*]

*President Clinton.* Well, let me say, first of all, I want to thank all four of them for speaking

here today and for the work they do. And they're all friends of mine, and I was sitting here feeling like—sort of like a proud father or something. I'm so proud of my friendship of many years with Governor Romer; and Mayor Webb, who did so much to help me become President; Kathleen Kennedy Townsend. We're glad your mother is here. Ethel, welcome. There is no Lieutenant Governor in America who has had remotely the impact that she has had on the lives of her constituents. It's a stunning thing in many ways. And I think Mr. Thurmond can speak for himself. [*Laughter*] But I'm really proud of him, as well.

You see—the reason—let me just say, one of the reasons that I so much love the DLC and I was so proud of hearing them talk is that for most of us, including those of us at this table, the stories you just heard—that's why we got in politics. And then when you become a leader of a country and you're arguing about what's in some bill or what is the debate before the Parliament or the Congress or—if you're not careful, the debate gets very abstract and very frozen and very wooden and very meaningless to the people that put you in this position in the first place.

And the further you get away from your constituency—and I think sometimes our friends in the press almost contribute to this in a way, because they have difficulties, too. You know, they have to write a complicated subject, and they've got to get a headline out of it. Or they have to figure out how to take an issue that's going on and how to put it into 15 seconds on the evening news.

But what you just heard is the ultimate test of whether ideas and our values and our work amount to a hill of beans. It's whether it changes the lives of people in concrete, positive ways. And so, I just want to thank them and those whom they represent. And I'd like to give my fellow panelists here the chance to make any comments or ask questions they'd like of those who just spoke.

Tony, do you want to start?

[*Prime Minister Blair and Prime Minister Kok made remarks.*]

*President Clinton.* I just want to comment on one thing, because a lot of you talked about at what level something should be done. We're having a huge Third Way debate here in this country that has many different manifestations

related to how the Federal Government should give money to local governments in various areas. And it's very interesting. By and large, the Republicans will say—and they really believe this—that since we can't run law enforcement, for example, we should just set aside how much money we want to give and give it to local government and say, "Go enforce the law. They'll lower crime." And the old motto would have been, we would have passed a law which would have had 15 different programs, each with a different subcommittee chairman's name on it, and said, "Go spend the money in this way."

Now, what I'm trying to do is to say, "Okay, we shouldn't tell you how to do things, but you have told us what works." Therefore, we should stop giving money for things that don't work and start giving money for things that do. So we say, "If community police works, that's what we should do." If Kathleen's program works on testing parolees, which by the way, I'm trying to get enough money out of Congress to do that nationwide, just what she said. She's proved it's worked, right? So we don't tell them whether they should contract with people to do the drug testing or what they should do or exactly how they should do it. But I think we should say, "Look, in Maryland, this works. Therefore, we'll give you the money if you do this. But we're not going to just give you the money, and you decide whether you want to waste it or not."

And that's the debate we're having, you know, because we're not trying to micromanage local government, but we are trying to take things that work and say, "Okay, if they work in Denver, or if they work in Georgia, if they work someplace else, we need to stop funding things that don't work, start funding things that do. But we're not going to tell you how to do it. You figure out how, but this is a thing that works, and so do it."

And it's a big debate. And I urge you all to watch it this year. It'll play itself out in three or four different areas. And we may not win them all. But I think it's a very important debate to have, because it will be about the nature of the Federal responsibility in a lot of areas in the years ahead.

Would anyone else like to talk before we adjourn? Gerhard, do you want to say anything else? Massimo?

*[Chancellor Schroeder and Prime Minister D'Alema made remarks.]*

*President Clinton.* Thank you. Yes, I'm not sure I would even have you here, Massimo, if I were running for reelection. *[Laughter]*

No, no, I'll tell you a serious story. Hillary and I went to Italy over a decade ago, and we were in northern Italy, and I met these Italian Communists who were anti-Soviet Union, pro-NATO, and pro-free enterprise. And I thought to myself, I've got to be very careful about what words mean, anymore. It was amazing. *[Laughter]*

Let me introduce three more people who came here and are just as tired as our panelists are, and they sat through this whole thing. I'd like to thank Cherie Blair, Rita Kok, and Doris Schroeder-Koepf for being here. Thank you all for coming and being a part of this.

And let me say, I'm sure you all know that this was a very difficult but profoundly important 3-day meeting we had of NATO. And all these leaders, I think, must be quite exhausted. We have worked very hard and tried to do the right thing on every front. But they cared enough about these ideas and the worldwide movement to try to achieve what we have worked on and believe in, in common, that they came here to be with us. And I think we owe them all a very great debt of gratitude, and we thank them.

*[Mr. From thanked the participants and closed the discussion.]*

NOTE: The discussion entitled "The Third Way: Progressive Governance for the 21st Century," began at 5:21 p.m. at the National Press Club Building. In his remarks, the President referred to actor-director Roberto Benigni; Prime Minister Lionel Jospin of France; John J. Sweeney, president, AFL-CIO; Ethel Kennedy, mother of Lt. Gov. Kathleen Kennedy Townsend; Cherie Blair, wife of Prime Minister Blair; Rita Kok, wife of Prime Minister Kok; and Doris Schroeder-Koepf, wife of Chancellor Schroeder. The transcript released by the Office of the Press Secretary also included the remarks of the other participants.